



House of Representatives

General Assembly

File No. 489

February Session, 2006

House Bill No. 5815

House of Representatives, April 11, 2006

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT CLARIFYING APPROVAL PROCEDURES FOR THE
PURCHASE OF STATE LAND AND THE URBAN AND INDUSTRIAL
SITE REINVESTMENT PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 4b-21 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2006*):

4 (d) Upon approval of the proposed action of the Commissioner of
5 Public Works by said secretary and board, said commissioner shall
6 request approval of such action by [said] the joint standing committees
7 of the General Assembly having cognizance of matters relating to state
8 revenue and the purchase and sale of state property and facilities. [The
9 committees shall approve or disapprove such action within fifteen
10 days after receipt of the request.] Each committee shall have forty-five
11 days from the date such request is received to convene a meeting to
12 vote to approve or disapprove such action. If such request is
13 withdrawn, altered, amended or otherwise changed, said
14 commissioner shall resubmit such request, and each committee shall

15 have forty-five days from the date of such resubmittal to convene a
16 meeting to vote to approve or disapprove such action. If a committee
17 does not act on a request or the resubmittal of a request, as the case
18 may be, within that time, the request shall be deemed to be approved
19 by the committee.

20 Sec. 2. Subsection (e) of section 32-9t of the 2006 supplement to the
21 general statutes is repealed and the following is substituted in lieu
22 thereof (*Effective October 1, 2006*):

23 (e) (1) Any taxpayer or fund manager, or community development
24 entity wishing to make an investment under the provisions of this
25 section shall apply to the commissioner in accordance with the
26 provisions of this section. The application shall contain sufficient
27 information to establish that the project in which the proposed
28 investment will be made is an eligible industrial site investment project
29 or an urban reinvestment project, as appropriate, and information
30 concerning the type of investment proposed to be made, the location of
31 the project, the number of jobs to be created or retained, physical
32 infrastructure that might be created or preserved, feasibility studies or
33 business plans for the project, projected state and local revenue that
34 might derive as a result of the project and other information necessary
35 to demonstrate the financial viability of the project and to demonstrate
36 that the investment will provide net benefits to the economy of, and
37 employment for citizens of, the municipality and the state, and in the
38 case of an eligible industrial site investment project, how such project
39 will meet the standards of remediation of the Department of
40 Environmental Protection. The commissioner shall impose a fee for
41 such application as the commissioner deems appropriate.

42 (2) Not later than five business days after an application is filed
43 under this section, the commissioner shall provide notice regarding
44 such application to the speaker of the House of Representatives, the
45 president pro tempore of the Senate and the chairpersons of the joint
46 standing committees of the General Assembly having cognizance of
47 matters relating to finance, revenue and bonding and economic and

48 community development, and to the chief elected official of the
49 municipality which may be affected by the project for which the
50 application is being filed.

51 Sec. 3. Subsection (q) of section 32-9t of the 2006 supplement to the
52 general statutes is repealed and the following is substituted in lieu
53 thereof (*Effective October 1, 2006*):

54 (q) (1) Any tax credits approved under this section that would
55 constitute in excess of twenty million dollars in total for a single
56 investment shall be submitted by the Commissioner of Economic and
57 Community Development to the joint standing committee of the
58 General Assembly having cognizance of matters relating to finance,
59 revenue and bonding prior to the issuance of a certificate of eligibility
60 for such investment. [Said commissioner shall make a
61 recommendation to the president pro tempore of the Senate and to the
62 speaker of the House of Representatives regarding approval or
63 disapproval of such project not later than thirty days after receiving
64 such submission. If such submission is not disapproved by the House
65 of Representatives or the Senate, or both, within sixty days of the
66 submission date, the commissioner may issue such certificate.] Said
67 committee shall have forty-five days from the date such project is
68 submitted to convene a meeting to vote to approve or disapprove such
69 investment. If such submittal is withdrawn, altered, amended or
70 otherwise changed, and resubmitted, said committee shall have forty-
71 five days from the date of such resubmittal to convene a meeting to
72 vote to approve or disapprove such investment. If said committee does
73 not act on a submittal or resubmittal, as the case may be, within that
74 time, the investment shall be deemed to be approved by said
75 committee.

76 (2) Any tax credits approved under this section that would be
77 granted in any amount for a project that involves a relocation from one
78 site within this state to another site within this state, shall be submitted
79 by the Commissioner of Economic and Community Development to
80 the joint standing committees of the General Assembly having

81 cognizance of matters relating to municipalities and finance, revenue
 82 and bonding prior to the issuance of a certificate of eligibility for such
 83 investment. The joint standing committee of the General Assembly
 84 having cognizance of matters relating to municipalities shall have
 85 thirty days from the date such investment is submitted to convene a
 86 meeting to vote to approve or disapprove such investment. Not later
 87 than the later of fifteen days after such vote, or forty-five days after
 88 such investment is submitted, the joint standing committee of the
 89 General Assembly having cognizance of matters relating to finance,
 90 revenue and bonding shall convene a meeting to vote to approve or
 91 disapprove such investment. If such submittal is withdrawn, altered,
 92 amended or otherwise changed, and resubmitted, the time limits
 93 prescribed by this subdivision shall be applied as of the date of such
 94 resubmittal. If either committee does not act on a submittal or
 95 resubmittal, as the case may be, within the time prescribed by this
 96 subdivision, the investment shall be deemed to be approved.

97 Sec. 4. Subdivision (2) of section 32-450 of the general statutes is
 98 repealed and the following is substituted in lieu thereof (*Effective*
 99 *October 1, 2006*):

100 (2) "Economic development financial assistance" means any grant,
 101 loan or loan guarantee, or combination thereof, or any tax credits
 102 approved pursuant to section 32-9t, as amended by this act, provided
 103 to a business for the purpose of economic development.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2006</i>	4b-21(d)
Sec. 2	<i>October 1, 2006</i>	32-9t(e)
Sec. 3	<i>October 1, 2006</i>	32-9t(q)
Sec. 4	<i>October 1, 2006</i>	32-450(2)

FIN *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill is not anticipated to result in a fiscal impact to either the state or municipalities.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 5815*****AN ACT CLARIFYING APPROVAL PROCEDURES FOR THE PURCHASE OF STATE LAND AND THE URBAN AND INDUSTRIAL SITE REINVESTMENT PROGRAM.*****SUMMARY:**

This bill requires the Department of Economic and Community Development (DECD) commissioner to submit for legislative committee approval any amount of tax credits he approves for an urban or industrial site reinvestment project that involves a business relocating from one part of the state to another. Under current law, the credit threshold for required legislative committee approval for such projects, whether or not they involve in-state relocations, is more than \$20 million for any single project. The bill requires the Planning and Development Committee as well as the Finance, Revenue and Bonding Committee to approve the credits for a project involving relocation within the state.

The bill also:

1. gives the legislative committees of cognizance more time to act on requests for approval of the sale or transfer of state land and urban and industrial sites tax credits;
2. eliminates a provision that an urban and industrial sites project is considered approved unless the full House or Senate disapproves it within 60 days of the DECD commissioner's submission to the Finance Committee; and
3. requires the commissioner to notify certain legislative leaders, committee chairmen, and municipal chief elected officials within five days of receiving any application for an urban and

industrial sites tax credit.

Finally, the bill includes urban and industrial site tax credits when measuring the state economic development assistance threshold that subjects a project to certain statutory accountability requirements. Current law uses only grants or loans to measure whether the project is subject to the requirements.

EFFECTIVE DATE: October 1, 2006

§ 1 - LEGISLATIVE APPROVAL FOR SALE OR OTHER TRANSFER OF STATE LAND

The bill extends the time the Government Administration and Elections and the Finance, Revenue and Bonding committees have to act on a request from the public works commissioner to transfer state land from 15 days to 45 days after they receive the request. It also requires the commissioner to resubmit the request if it is altered in any way, or withdrawn, after he first submits it, and gives each committee 45 days from the date of the resubmission to act on it.

Under current law and the bill, the request is considered approved if a committee does not act within the deadline. The bill extends this default approval to any resubmission on which a committee fails to act in time.

§ 2 - NOTICE OF URBAN AND INDUSTRIAL SITES REINVESTMENT TAX CREDITS

Taxpayers, fund managers, and community development entities are eligible for business tax credits for investments in eligible urban or industrial site projects. To receive a credit, they must apply to the DECD commissioner and provide specific information about the project. This bill requires the commissioner, within five days after receiving the application, to notify the House speaker, the Senate president pro tempore, the Finance and Commerce committee chairmen, and the chief elected official of any municipality the project may affect.

§ 3 – URBAN AND INDUSTRIAL SITES TAX CREDIT APPROVAL

Under current law, the DECD commissioner must obtain legislative approval for any single urban or industrial site project that would receive more than \$20 million in tax credits. This bill extends the legislative approval requirement to such a project that receives any amount of tax credits, if it involves a business moving from one part of the state to another.

Under current law, the commissioner must submit an application for more than \$20 million in tax credits for a single project to the Finance Committee for its approval before issuing a tax credit certificate for the project. The bill requires the commissioner to submit any project that involves a relocation within the state to the Planning and Development Committee as well as the Finance Committee.

The bill gives the Planning and Development Committee 30 days from the date the commissioner submits the project to act on it. And it gives the Finance Committee 15 days after the Planning and Development Committee's vote, or 45 days from the commissioner's submission date, whichever is later, to act. It requires the commissioner to resubmit the project if it is altered in any way, or withdrawn, after he first submits it, and gives each committee its full number of days from the resubmission date to act.

The bill eliminates a requirement that a project is considered approved unless the full House or Senate rejects it within 60 days after the commissioner submits it. Instead, it considers the project approved if the Finance Committee, or in the case of a relocation within the state, the Planning and Development and Finance committees, fail to act within the bill's time limits. It also eliminates a provision requiring the commissioner to recommend to the House speaker and the Senate president pro tempore whether to approve or reject the project.

ACCOUNTABILITY REQUIREMENTS

By law, "threshold projects" are subject to enhanced accountability requirements when they receive state economic development

assistance (see BACKGROUND). A threshold project is one that has 25 or more full-time employees and receives at least \$250,000 in economic development aid or one that has 100 or more full-time employees and receives at least \$1 million in economic aid. Current law counts only grants and loans to determine whether a project reaches the threshold. The bill also counts the industrial or urban sites reinvestment tax credits a project receives.

BACKGROUND

Accountability Requirements for Threshold Projects

The accountability law for threshold projects requires the state entity awarding the assistance to state in writing the public policy objectives of the assistance program. It requires each business asking for funds to explain how its proposal will further that policy and whether and how it has included municipal officials and employee groups in its project planning. Agencies must consider this information in determining whether to provide assistance.

The agency must include provisions in the project assistance contract limiting the business's use of the funds to the purposes for which it was approved and establishing penalties for violating the contract. The penalties may include liquidated damages. If the business violates the contract by misusing the funds, the agency must enforce the penalties and provide no further aid until the violation is resolved.

Assistance recipients must to report annually on their progress in meeting the policy objectives they agreed to. The law also allows local officials and employee groups to submit comments to the legislative committees that review the awarding agencies' biannual program reports and allows the public to obtain limited information on pending requests for assistance.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 32 Nay 15 (03/28/2006)